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Investment Objective

The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in government securities.

UBL Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+(f) Dec 31, '19	A+(f) Dec 31, '18
Management Company	UBL Fund Managers Limited	
External Auditors - Fund	BDO Ebrahim & Co	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company Ltd.	
Launch Date	July 27, 2011	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	10% of all gross earnings (with min. fee of 1% p.a. & max. fee of 1.25%p.a.)	
Benchmark	Average of 6M PKRV rates	

Launched in July 2011, UBL Government Securities Fund

Asset Mix: November 2019	Credit Analysis: November 2019	Investor Activity (Units in m)

(UGSF) aims towards achieving the objective to earn competitive returns by investing primarily in sovereign instruments and government paper. Guidelines for investment of the fund are based on an investment horizon in the excess of 1 year. The fund's size witnessed a decline during FY19 as net assets amounted to Rs. 1.53b (FY18: 1.87b). However, at end-Nov'19 the fund's net assets stood higher at 2.59b.

The fund's offering document (OD) points to a conservative credit risk profile suggesting that it restricts and limits its primary exposure in sovereign instruments and cash holdings in order to preserve a liquid asset mix.

Table 1: Asset Allocation Per IPS

Securities	Rating	Limits
Government Securities (on monthly average basis)	N/A	70 - 100%
Cash at Bank (excluding TDR) and other cash instruments like T-Bills with maturity not exceeding 90 days.	AA- and above	10 - 30%
Deposits with scheduled banks and Reverse Repo against Government Securities with maturity up to 6 months	AA- and above	0 - 30%
Deposits with scheduled banks and Reverse Repo against Government Securities exceeding maturity of 6 months	AA- and above	0- 15%

Table 2: Asset Allocation

	Average FY19	FY19	FY18
Cash	37.0%	67.0%	40.0%
PIB	14.0%	31.0%	0.0%
T-Bills	60.0%	0.0%	55.0%
GoP Ijarah Sukuk	0.0%	0.0%	0.0%
Placement with Banks	0.0%	0.0%	4.0%
Others	1.0%	2.0%	0.0%

As per IPS, the fund shall invest a minimum 70% of assets (on monthly average basis) in sovereign instruments. Barring a couple of months, fund's exposure in government securities was above 70% over FY19. During FY19 on an average basis the fund's investments in T-bills declined to 60% (FY18: 71%) while PIB exposure also reduced to 14% on average. Remaining chunk of the investment portfolio was allocated in cash placements of 67% at end-June'19.

As per the rating criteria, the fund is required to maintain at least 85% exposure in AAA rated assets while exposure to AA+ and below rated assets is capped at 15%. Although the fund was in breach of this benchmark at variance instances during the year, the fund stands compliant as at end-November 2019.

Table 3: Credit Quality

	FY'19	FY'18
Government Securities	32%	55%
AAA	27%	25%
AA+	0%	5%
AA	0%	6%
AA-	40%	9%
Others	2%	0%

As per the rating criteria, Weighted Average Maturity (WAM) of the fund is capped at 45 days. During FY19, WAM substantially increased to duration of 1.61 years at end-June'19 (FY18: 0.08 years). Minimum WAM was reported at 0.06 year(s) at end-Sept'18.

During FY19, the fund generated an incremented return of 7.55% performing better than the preceding year (FY18: 4.71%) however it was still unable to outperform its benchmark of 10.00% (FY18: 6.20%). Relative to its peers, UGSF scored the 25th ranking out of total of 30 funds (FY18: 24/28) Improvement was witnessed at end-Nov'19 as it stood at 22 out of a total of 30 funds.

Table 4: Fund Performance

	Nov'19	FY'19	FY'18
Return	9.2%	7.6%	4.7%
Benchmark	13.4%	10.0%	6.2%
Relative Ranking	22/30	25/30	24/28

Unit holder concentration remains on the higher side. Given the quality of assets and unit-holder profile, ability to meet redemptions in a timely manner is expected to remain strong.

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
31-Dec-19	A+(f)			Reaffirmed
31-Dec-18	A+(f)			Reaffirmed
29-Dec-17	A+(f)			Upgrade
30-Dec-16	A(f)			Reaffirmed
06-Jan-16	A(f)			Downgrade
04-Aug-14	A+(f)			Reaffirmed
18-Apr13	A+(f)			Reaffirmed
29-Mar-12	A+(f)			Initial

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>		FY18	FY19
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		166	152
Profit Before Tax		123	122
Profit After Tax		123	122
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		3,004	(2,526)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA